

SBIR/STTR Data Rights

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The views expressed are my own,
and do not necessarily reflect the
position or policy of the
Department of the Navy.

Basic SBIR/STTR Law and Guidance

- 15 U.S.C. § 638

- Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Program Policy Directive (Effective: May 2, 2019)

- DFARS 252.227-7018 (MAR 2020) (DEVIATION 2020-00007)

What is an SBIR/STTR award? (Phases I and II)

- ❑ Any award made under:
- ❑ SBIR/STTR Phase I: A SBIR/STTR-funded* award to conduct feasibility-related experimental or theoretical R/R&D related to described agency requirements. The object of this phase is to determine the scientific and technical merit and feasibility of the proposed effort and the quality of performance of the SBC with a relatively small agency investment.
- ❑ SBIR/STTR Phase II: A SBIR/STTR-funded* award to continue the R/R&D effort from the completed Phase I.

*SBIR funds are those amounts specifically set-aside for SBIR/STTR awards pursuant to 15 U.S.C. § 638.

What is an SBIR/STTR award? (Phase III)

- ❑ SBIR/STTR Phase III: An award Phase III for work that *derives from, extends, or completes* an effort made under prior SBIR/STTR Funding Agreements, ***but is funded by sources other than the SBIR/STTR programs.***
- ❑ Phase III awards can be made years after the original Phase I and II work. There is no limit on the number, duration, type, or dollar value of Phase III awards made to a business concern. There is no limit on the time that may elapse between a Phase I or Phase II award and a Phase III award, or between a Phase III award and any subsequent Phase III award.

What is SBIR/STTR Data?

- ❑ All Technical Data/Computer Software developed or generated (first created) in the performance of a SBIR/STTR award.
- ❑ If a SBIR/STTR contractor generates data pertaining to a Government-developed concept or idea under a SBIR award (any phase), ***SBIR/STTR DATA RIGHTS APPLY TO THAT DATA.***

What is the SBIR/STTR Protection Period?



- ❑ The period of time during which the Government is obligated to protect SBIR/STTR Data against unauthorized use and disclosure in accordance with and entity's SBIR/STTR Data Rights.
- ❑ There are two regimes in play at present. You must look at the award under which the data was generated to determine which regime applies (*always consult with counsel on this*).

Current SBIR/STTR protection period



- ☐ 20 years from the date of the award of the instrument under which the data is generated - not extendable
- ☐ If the same data is delivered under a subsequent SBIR/STTR award, the protection period is not extended.
- ☐ After the protection period expires, the Government has Government Purpose Rights

Previous SBIR/STTR protection period (applies to data generated under awards made before 5/2/19)



- ❑ 5 years after completion of the project, BUT
 - Projects can include subsequent SBIR/STTR awards. SBIR/STTR data must remain protected through the protection period of those subsequent SBIR/STTR award (Phase I, II, or III), so-
 - If a new SBIR/STTR award is made after SBIR/STTR data rights expire but before the SBIR/STTR data are made available without restrictions, SBIR/STTR data rights are revived (“zombie” rights).
 - No limit exists on the number of Phase III awards, or on the time that may elapse between SBIR/STTR Phase I, II, or III awards.
 - Small business size limits do not apply to SBIR/STTR Phase III.
 - Theoretically, SBIR/STTR data rights can last FOREVER.
 - When SBIR/STTR data rights expire, Government has Unlimited Rights.

What Can I Do With SBIR/STTR Data?



- Technical Data: Limited Rights
- Computer Software: Restricted Rights

EXCEPTIONS TO SBIR/STTR DATA RIGHTS



- ❑ Gov't acquires Unlimited Rights in
 - Form, fit, and function data (e.g., interface data, *but awardee may disagree in some instances*). Excludes Computer Software
 - Technical Data needed for operation, maintenance, installation, or training (aka OMIT data) (excluding detailed manufacturing or process data)
 - Corrections to government-furnished data
 - Otherwise lawfully available to the government (e.g., awardee made publicly available without any restrictions; includes published patent applications).
 - Data in which Gov't previously acquired unlimited rights under another gov't contract or through a specific license.

How Are SBIR/STTR Data Rights Asserted?



- ❑ Data first generated under the present SBIR/STTR award
 - No need for a data rights assertion. SBIR/STTR data rights are automatic for all ELIGIBLE data generated under the instant award (see below).
 - Awardee MUST properly mark all SBIR/STTR data delivered. Time limit of 6 months after delivery for awardees to correct or add omitted markings on SBIR/STTR Data, unless approved by agency upon showing of good cause. (Post 5/2/19 awards)
- ❑ Data generated under another contract
 - Awardee MUST make a data rights assertion and mark all data delivered, including SBIR/STTR data generated under a previous SBIR/STTR award.

Can I Negotiate SBIR/STTR Data Rights?



- ❑ SBIR/STTR data rights not negotiable before award.
BUT, SBC can waive w/o negotiation or pressure.
- ❑ SBIR/STTR data rights can be transferred to awarding agency or 3rd party post-award in a separate agreement, PROVIDED THERE IS NO PRESSURE OR COERCION.

Can I Reverse Engineer a SBIR Prototype?

- Reverse engineering not prohibited *per se*, but agencies must handle all SBIR/STTR-developed prototypes with caution to prevent disclosure that would harm awardee's potential to commercialize innovative technology. SBA seeks public comments re future protection of prototypes.
- SBA: “[I]t is a violation of the purpose and intent of the Small Business Act to release or use a prototype during the SBIR/STTR Protection Period in a way that harms the awardee's ability to take advantage of the economic opportunities of its SBIR/STTR Data.”

Urban Legends



□ Urban Legends

- It's can't be SBIR/STTR award, it's not funded with SBIR/STTR funds.
 - By definition, SBIR/STTR Phase III is NOT funded with SBIR/STTR funds.
- One Phase III is enough.
 - That may have been true once, but certainly has not been for some time. There is no limit to the number of Phase III's.
- I can force SBIR/STTR awardees to price SBIR/STTR Data Rights.
 - SBIR/STTR data rights cannot be negotiated before award.
 - SBIR/STTR cannot be coerced, in any manner, to give up their rights.

In Sum

- ❑ SBIR data rights can be nuanced.
- ❑ Whether an award constitutes a Phase III SBIR award can be unclear.
- ❑ The most important thing to remember is the need to seek the advice of counsel early when dealing with data that is not unequivocally non-SBIR data. One should **NEVER, EVER** attempt to resolve SBIR data rights issues (or any data rights issues) without the advice of counsel.

Rights in Inventions under the Bayh-Dole Act

Prepared by John Karasek

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Bayh-Dole addresses only rights in **inventions**.

- An invention or discovery which “is or may be patentable or otherwise protectable under” Title 35.
- Inventions are “any new and useful **process, machine, manufacture, or composition** of matter, or any new and useful **improvement** thereof”. 35 U.S.C. § 101.
 - Cf. Copyrights, which protect original works of authorship.
 - Cf. Trademarks, which protect identifiers of the source of goods or services.
- Subject Inventions are those inventions “conceived or first actually reduced to practice in the performance of work under a funding agreement”. 35 U.S.C. § 201.

Prior to Bayh-Dole

- Economic malaise of the late 1970s
- USG funded 50% of US research, with few invention making it to the marketplace.
- Default policy was for government agencies to own inventions made under government funding.
 - NIH had its own policy of granting title to inventing universities.
 - DoD regularly granted title to inventing major contractors, but not to universities and small businesses.
- Waiver petitions took up to 18 months.

Policy behind Bayh-Dole

- Foster economic development by allowing the inventing organization to keep title to government-funded inventions.
- Protect the government's investment by ensuring the government retains at least a license to the invention.
- Text of statute only extends to small businesses and non-profits.
- EO 12591 expanded scope to include all businesses, regardless of size.

Allocation of Rights under Bayh-Dole

- Contractors can elect to retain U.S. or foreign rights to subject inventions, subject to a license allowing the government to use the invention or have it used on the government's behalf.
- To make the election to retain title, the contractor must;
 - Report the invention;
 - Disclose the invention;
 - Make the election in writing;
 - File a patent application, and include a government interest statement;
 - Provide a Confirmatory Instrument to the Government, for recording at the USPTO.

Implementation

- Small businesses, nonprofit organizations, and for all non-DoD contracts—FAR 52.227-11
- Large businesses for DoD—DFARS 252.227-7038.
- Grants and Cooperative Agreements—37 C.F.R. § 401.14.

- DD 882

DD FORM 882, JUL 2005

- iEdison

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Special situations

- Government as a joint owner
- Supporting the government under a CRADA
- Rogue contractor employee (*Stanford v. Roche*)

Questions?

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